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MALAYSIA HAS TO COME TO TERMS 5 KUALA LUMPUR (REOPENS ITEM
ES432)

DATUK SERI DR MAHATHIR ALSO SAID MALAYSIA HAS TO CONTINUOUSLY LOWER HER COSTS OF COMMODITIES TO STAY IN BUSINESS.

IN MANY INSTANCES BECAUSE PROFITS ARE HIGH, LITTLE THOUGHT IS GIVEN TO EFFICIENCY AND PRODUCTIVITY.

'WE ARE HAPPY WITH OUTMODDED METHODS AND MANagements BECAUSE MEDIOCRITY IS MORE THAN SUFFICIENT. BUT BIG MARGINS ARE OUT NOW. TO STAY IN BUSINESS, WE HAVE TO CONTINUOUSLY LOWER OUR COSTS.'

HE ALSO SAID THERE IS EVIDENCE THAT MALAYSIANS ARE GETTING SOFT BECAUSE IT IS SO EASY TO MINE OR GROW OUR MONEY.

HE NOTED ONLY A SMALL FRACTION OF LOCAL PRODUCE IS PROCESSED LOCALLY AND IT DOES NOT SEEM STRANGE TO MALAYSIANS THAT 'OTHERS CAN BUY OUR PRODUCE, TRANSPORT IT TO THEIR COUNTRY, PAY TAX, PROCESS AND MANUFACTURE AND THEN TRANSPORT BACK TO OUR COUNTRY THEIR PRODUCTS AND STILL SELL MORE CHEAPLY THAN IF WE MANUFACTURE OURSELVES.'

SOME OF THE COUNTRIES WHICH PROCESS AND EXPORT THESE PRODUCTS HAVE SMALL DOMESTIC MARKETS.

'APPARENTLY, EVERYONE CAN ACHIEVE ECONOMIES WHICH WE FIND IMPOSSIBLE TO ACHIEVE. IS IT NOT POSSIBLE THAT THERE IS SOMETHING WRONG WITH US?'

HE SAID WHEN GREATER EFFICIENCY IS SUGGESTED, THE RESPONSE IS TO DEMAND REMOVAL OF TAXES.

HE ADDED EFFICIENCY WILL ONLY BE ECONOMICALLY MEANINGFUL IF MALAYSIA PRODUCES MORE AT LESS COST.

'WE WOULD THEN BE ABLE TO ACCEPT LOWER PRICES WITHOUT LOSING. INDEED, WE WOULD BE MORE COMPETITIVE AND IMPROVE SALES.'

THE FACT THAT SOME PRODUCERS IN MALAYSIA ARE ABLE TO ACHIEVE LOWER COST MEANS THAT IT IS POSSIBLE TO IMPROVE PRODUCTION EFFICIENCY, HE SAID.--BERNAMA ES